

**We Claim:**

- 1 1. A method for the creation of backed derivatives, comprising the steps of:
  - 2 (a) depositing a collateral in a clearinghouse firm;
  - 3 (b) electronically advising a custodian firm of the deposit;
  - 4 (c) monitoring in real-time for the continued presence of the collateral in the
  - 5 clearinghouse firm; and
  - 6 (d) authorizing a depository firm to issue a set of derivatives if the continued presence
  - 7 of the collateral is confirmed.
- 1 2. The method of claim 1, wherein the monitoring step comprises transferring electronic
- 2 confirmations between the clearinghouse firm and the custodian firm, the electronic
- 3 confirmations confirming the continued presence of the collateral in the clearinghouse
- 4 firm.
- 1 3. The method of claim 2, wherein the authorizing step is performed if the electronic
- 2 confirmations indicate the continued presence of the collateral in the clearinghouse firm.
- 1 4. The method of claim 1, including the additional step of charging a commission for each
- 2 deposited collateral that is being monitored.
- 1 5. The method of claim 1, including the additional steps of assigning a security identifier to
- 2 each derivative in the set of derivative and issuing the set of derivatives for receipt into
- 3 one or more customer accounts.
- 1 6. The method of claim 5, wherein the security identifier is a CUSIP number.
- 1 7. The method of claim 5, including the additional steps of continuously polling the
- 2 clearinghouse firm to confirm the continued presence of the collateral after issuance of
- 3 the set of derivatives.



- 1 16. The method of claim 15, wherein the monitoring step comprises transferring electronic  
2 confirmations between the clearinghouse firm and the custodian firm, the electronic  
3 confirmations confirming the continued presence of the collateral in the clearinghouse  
4 firm.
- 1 17. The method of claim 16, wherein the authorizing step is performed if the electronic  
2 confirmations indicate the continued presence of the collateral in the clearinghouse firm.
- 1 18. The method of claim 16, including the additional step of providing the electronic  
2 confirmations to an insurance company for monitoring the first value of the collateral.
- 1 19. The method of claim 15, including the additional step of charging a commission for each  
2 deposited collateral that is being monitored.
- 1 20. The method of claim 15, including the additional steps of assigning a security identifier  
2 to each derivative in the set of derivative and issuing the set of derivatives for receipt into  
3 one or more customer accounts.
- 1 21. The method of claim 20, wherein the security identifier is a CUSIP number.
- 1 22. The method of claim 20, including the additional steps of continuously polling the  
2 clearinghouse firm to confirm the continued presence of the collateral after issuance of  
3 the set of derivatives.
- 1 23. The method of claim 22, wherein the security identifier is a CUSIP number.
- 1 24. The method of claim 15, wherein the collateral is a payable instrument selected from the  
2 group of a bond and one or more accounts payable.



1 31. The method of claim 30, including the additional step of providing the electronic  
2 confirmation to an insurance company.

1 32. The method of claim 30, wherein the payable instrument is selected from the group of a  
2 bond and one or more accounts payable.

1 33. The method of claim 30, wherein a set of derivatives is derived from the payable  
2 instrument and is issued to customers.

1 34. The method as in claim 33, wherein the payable instrument is a bond and wherein the set  
2 of derivatives comprises a series of strips.

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